

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 XMB-02

TAR-01 H-02 L-03 PA-01 PRS-01 USIA-06 SS-15 NSC-05

/098 W

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R 141801Z OCT 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9755

INFO ALL EC CAPITALS 1194

AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

STOCKHOLM 1478

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 9202

E.O. 11652: N/A

TAGS: EAID, EEC

SUBJECT: EC DEVELOPMENT ASSISTANCE COUNCIL, OCTOBER 13:  
GERMANY AND FRANCE BLOCK PROGRESS ON EC DEVELOP-  
MENT PROGRAMS

REFS: A) EC BRUSSELS 5498 (1974)

B) EC BRUSSELS 2202

C) EC BRUSSELS 8517

D) STATE 241905

E) EC BRUSSELS 9418

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1. BEGIN SUMMARY: THE EC COUNCIL OF DEVELOPMENT MINISTERS MET IN LUXEMBOURG ON OCTOBER 13. THE GERMAN DELEGATION, LED BY EGON BAHR, EFFECTIVELY BLOCKED CONSIDERATION OF THE FIRST INSTALLMENT OF THE EC COMMISSION'S PROPOSED MULTI-ANNUAL PROGRAM TO AID THOSE COUNTRIES NOT ASSOCIATED WITH THE COMMUNITY UNDER THE LOME CONVENTION. THE FRENCH DELEGATION BLOCKED COMMUNITY CONSIDERATION OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) SAYING THAT IT WAS TOO EARLY TO DISCUSS EITHER MEMBER STATE CONTRIBUTIONS OR THE MODALITIES FOR COMMUNITY MEMBERSHIP. IN THE ONLY POSITIVE NOTE OF THE DAY, THE COUNCIL APPROVED THE EXPENDITURE OF 3.5 MILLION UNITS OF ACCOUNT (ABOUT \$4 MILLION) TO ASSIST THE NON-ASSOCIATED COUNTRIES IN MARKETING THOSE PRODUCTS WHICH THEY EXPORT TO THE EC. END SUMMARY.

2. EC AID TO NON-ASSOCIATED COUNTRIES: THE EC COMMISSION PRESENTED TO THE COUNCIL ITS PROPOSALS FOR AID TO NON-ASSOCIATED STATES WHICH TOTAL APPROXIMATELY 766 MILLION UNITS OF ACCOUNT OVER FIVE YEARS. (THE MULTI-ANNUAL ASSISTANCE PROGRAM FOR NON-ASSOCIATED STATES WAS APPROVED IN PRINCIPLE DURING JULY, 1974; SEE REFS A AND B FOR BACKGROUND). THE COMMISSION REQUESTED COUNCIL APPROVAL FOR THE FIRST ANNUAL INSTALLMENT AMOUNTING TO 105 MILLION UNITS OF ACCOUNT (5 MILLION U.A. OF WHICH WOULD GO TO IMPROVE ACCESS TO EC MARKETS FOR EXPORTS FROM THE NON-ASSOCIATES). FRG DEVELOPMENT MINISTER BAHR OBJECTED SAYING HIS GOVERNMENT WOULD BE UNABLE TO APPROVE THE EXPENDITURE OF ADDITIONAL FUNDS WITHOUT FIRST HAVING AN OVERALL VIEW OF THE COMMUNITY'S DEVELOPMENT POLICY. IN THIS CONNECTION HE SAID THE COMMUNITY MUST FIRST MAKE PROGRESS IN IMPLEMENTING THE COUNCIL'S JULY 1974 DECISION IN PRINCIPLE, CALLING FOR THE HARMONIZATION OF AID PROGRAMS AMONG THE MEMBER STATES. BAHR SAID THE MEMBER STATES SHOULD A) MAKE BINDING COMMITMENTS ON THE INTEREST RATES AND DURATION OF CONCESSIONARY (AID) FINANCING IN AN EFFORT TO END INTRA-COMMUNITY COMPETITION BY THE LDCS FOR THESE FUNDS; B) AGREE THAT COUNTRIES RECEIVING AID SHOULD BE FREE TO USE IT IN THE MANNER MOST ADVANTAGEOUS TO THEM AND NOT BE REQUIRED TO PURCHASE FROM THE DONOR COUNTRY; AND C), AGREE UPON A CATEGORIZATION OF COUNTRIES TO WHOM TECHNICAL ASSISTANCE IS OFFERED IN RETURN FOR FULL PAYMENT, PARTIAL LIMITED OFFICIAL USE

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PAYMENT OR FREE OF CHARGE. IN THE LATTER CASE, BAHR SAID ALL EC MEMBER STATES SHOULD AGREE THAT NO TECHNICAL ASSISTANCE SHOULD BE OFFERED TO ANY MEMBER OF OPEC FREE OF CHARGE.

3. BAHR SAID THAT, AT THIS TIME, THE GERMAN GOVERNMENT DID NOT INTEND TO APPROVE PROGRAMS GOING BEYOND THOSE CONTAINED IN THE 1976 EC BUDGET AS APPROVED AT THE BUDGET COUNCIL ON SEPTEMBER 29 (REF C). THIS STATEMENT PRODUCED A STORM OF

CRITICISM FROM HIS COLLEAGUES BECAUSE THE GERMANS HAD SEPCIFICALLY BLOCKED INCLUSION OF THE AID TO NON-ASSOCIATES ITEM AT THE BUDGET COUNCIL ON THE GROUNDS THAT THE COUNCIL HAD YET TO TAKE A SUBSTANTIVE DECISION ON THE MATTER. DESPITE SEVERE AND PROTRACTED CRITICISM BY THE OTHER MEMBER STATES, LED BY THE BRITISH AND DUTCH, IT WAS NOT POSSIBLE TO CHANGE THE GERMAN POSITION.

4. IN THE ONLY POSITIVE NOTE OF THE DAY, THE COUNCIL DID AGREE TO THE EXPENDITURE OF 3.5 MILLION UNITS OF ACCOUNT (ABOUT \$4 MILLION) FROM THE EXISTING BUDGET ALLOCATIONS, TO ASSIST THE NON-ASSOCIATED COUNTRIES WITH EFFORTS TO PROMOTE THEIR EXPORTS TO THE COMMUNITY. WE UNDERSTAND THESE FUNDS ARE TO BE USED FOR MARKET RESEARCH STUDIES AND SIMILAR EFFORTS TO PERMIT THE NON-ASSOCIATES TO INCREASE THEIR EXPORTS BY TAKING BETTER ADVANTAGE OF CONCESSIONS ALREADY MADE BY THE COMMUNITY IN THE TRADE FIELD.

5. INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD): THE MINISTERS WERE UNABLE TO MAKE PROGRESS WITH REGARD TO EITHER COMMUNITY PARTICIPATION IN OR CONTRIBUTIONS TO THE IFAD. THE FRENCH SAID THAT "THE TIME WAS NOT RIGHT" FOR CONSIDERATION OF THE MATTER AND SUGGESTED THAT NO COMMUNITY ACTION BE TAKEN UNTIL IT WAS POSSIBLE TO SEE WHAT COMMITMENTS NEEDED TO BE MADE IN CONNECTION WITH THE PRODUCER-CONSUMER CONFERENCE. (A GERMAN PERMANENT DELEGATION SOURCE TOLD A MISSION OFFICER PRIOR TO THE MEETING THAT BAHR'S INSTRUCTIONS WOULD NOT PERMIT HIM TO AGREE TO ANY COMMUNITY MOVES WITH REGARD TO THE IFAD ALTHOUGH WE UNDERSTAND THAT DURING THE COUNCIL SESSION THE GERMANS LET THE FRENCH TAKE THE LEAD AND DID NOT SPEAK OUT.)

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 XMB-02

TAR-01 H-02 L-03 PA-01 PRS-01 USIA-06 SS-15 NSC-05

/098 W

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R 141801Z OCT 75  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC 9756  
INFO ALL EC CAPITALS 1195  
AMEMBASSY BERN  
AMEMBASSY HELSINKI  
AMEMBASSY CANBERRA  
AMEMBASSY OSLO  
AMEMBASSY OTTAWA  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA  
AMEMBASSY WELLINGTON

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A NUMBER OF MEMBER STATE DELEGATIONS POINTED TO THE "PLEDGING" MEETING SCHEDULED TO TAKE PLACE IN ROME ON OCTOBER 27 AND URGED THAT THE COMMUNITY HAVE A COORDINATED POSITION PRIOR TO THAT TIME (REFS D AND E). THE MATTER WAS TURNED OVER TO THE EC COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) WHICH IS TO SEE IF AN AGREEMENT CAN BE WORKED OUT. SHOULD THIS NOT PROVE POSSIBLE, ANOTHER COUNCIL OF DEVELOPMENT MINISTERS MAY BE CALLED PRIOR TO OCTOBER 27.

6. A REVIEW OF THE 7TH SPECIAL SESSION: DUTCH AID MINISTER PRONK REPORTED BRIEFLY TO HIS COLLEAGUEES ON THE 7TH SPECIAL LIMITED OFFICIAL USE

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SESSION. PRONK SAID THAT THE EC AND ITS MEMBER STATES WILL FIND THEMSELVES IN A CRUCIAL POSITION DURING THE NEXT SEVERAL MONTHS AND THAT IT IS IMPORTANT THAT THEY DO NOT GO BACK ON THE COMMITMENTS WHICH THEY HAVE MADE BOTH AT THE WORLD FOOD CONFERENCE IN ROME AND AT THE 7TH SPECIAL SESSION. ACCORDING TO COMMISSION AND PERM DEL SOURCES PRONK WAS EXTREMELY BITTER IN HIS CONDEMNATION OF THE GERMAN POSITION ON AID TO NON-ASSOCIATES, SAYING THAT THE COMMUNITY'S ENTIRE CREDIBILITY WITH THE THIRD WORLD IS IN JEOPARDY.

7. COMMENT: AS MIGHT BE EXPECTED, OUR SOURCES WERE EXTREMELY CRITICAL ABOUT THE RESULTS OF THIS MEETING. ONE PERM DEL OFFICIAL COMMENTED THAT THE MEETING HAD BEEN "AN UNMITIGATED DISASTER" AND THAT IT WOULD BE BETTER IF IT HAD NEVER TAKEN PLACE. UK DEVELOPMENT MINISTER PRENTICE, NOTING THAT THE MEETING HAD PRODUCED "HARDLY ANY POSITIVE PROGRESS;" SAID THAT HE HAD "NOT GIVEN UP HOPE" AND THAT "THE EC COULD NOT GO ON

INDEFINITELY WITHOUT A POSITIVE AID AND DEVELOPMENT POLICY  
AIMED AT BENEFITTING THE WHOLE OF THE DEVELOPING WORLD."  
GREENWALD

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## Message Attributes

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